JOURNAL OF APPLIED ECONOMETRICS
(*J. Appl. Econ.*)

CONTENTS

Volume 20 Number 1 **January–February 2005**

Duration Dependence in the Exit Rate Out of Unemployment in Belgium: Is It True or Spurious?
B. Cockx and M. Dejemeppe — 1

An Algorithm to Reduce the Occupational Space in Gender Segregation Studies
N. Herranz, R. Mora and J. Ruiz-Castillo — 25

Simple Solutions to the Initial Conditions Problem in Dynamic, Nonlinear Panel Data Models with Unobserved Heterogeneity
J. M. Wooldridge — 39

Robust Inference Concerning Recent Trends in US Environmental Quality
E. Maasoumi and D. L. Millimet — 55

Evidence on Purchasing Power Parity from Univariate Models: The Case of Smooth Transition Trend-Stationarity
R. Sollis — 79

Monitoring Structural Change in Dynamic Econometric Models
A. Zeileis, F. Leisch, C. Kleiber and K. Hornik — 99

BOOK REVIEW
A Review of Recent Books on Credit Risk
Reviewed by T. Schuermann — 123

SOFTWARE REVIEW
Bridging the Gap Between Ox and Gauss Using OxGauss
Reviewed by S. Laurent and J.-P. Urbain — 131

Announcement: Extension of the Replication Section's Coverage — 141

Announcement: Journal of Applied Econometrics Distinguished Authors — 143

Announcement: Journal of Applied Econometrics Scholars Programme — 145

Volume 20 Number 2

SPECIAL ISSUE: RECENT DEVELOPMENTS IN BUSINESS CYCLE ANALYSIS
Edited by Dick van Dijk, Herman K. van Dijk and Philip Hans Franses

On the Dynamics of Business Cycle Analysis: Editors' Introduction
D. van Dijk, H. K. van Dijk and P. H. Franses — 147

A Suggested Framework for Classifying the Modes of Cycle Research
D. Harding and A. Pagan — 151

Comparing Shocks and Frictions in US and Euro Area Business Cycles: A Bayesian DSGE Approach
F. Smets and R. Wouters — 161

The *Journal of Applied Econometrics* is covered by the following abstracting and indexing services: ABI/Inform (Proquest), CAB Abstracts® (CABI), Cambridge Scientific Abstracts (CIG), Current Abstracts (EBSCO), Current Contents®/Social and Behavioural Sciences (Thomson ISI), Current Index to Statistics (ASA/IMS), INSPEC (IEE), Journal of Economic Literature/EconLit (AEA), Mathematical Reviews (AMS), Quality Control and Applied Statistics (Executive Sciences Institute), SCOPUS (Elsevier), Social Sciences Citation Index® (Thomson ISI), Social SciSearch® (Thomson ISI), Statistical Theory & Method Abstracts (International Statistical Institute).

What Caused the Early Millennium Slowdown? Evidence Based on Vector Autoregressions
G. Peersman — 185

Comparing SVARs and SEMs: Two Models of the UK Economy
J. P. A. M. Jacobs and K. F. Wallis — 209

The Transmission of US Shocks to Latin America
F. Canova — 229

How Well Do Markov Switching Models Describe Actual Business Cycles? The Case of Synchronisation
P. A. Smith and P. M. Summers — 253

Convergence in the Trends and Cycles of Euro-Zone Income
V. M. Carvalho and A. C. Harvey — 275

Nonlinearity and the Permanent Effects of Recessions
C.-J. Kim, J. Morley and J. Piger — 291

Business and Default Cycles for Credit Risk
S. J. Koopman and A. Lucas — 311

Announcement: Journal of Applied Econometrics Annual Lecture Series and Conference — 325

Volume 20 Number 3 **March–April 2005**

Valuation Ratios and Long-Horizon Stock Price Predictability
D. E. Rapach and M. E. Wohar — 327

Modelling and Forecasting Stock Returns: Exploiting the Futures Market, Regime Shifts and International Spillovers
L. Sarno and G. Valente — 345

Parametric Pricing of Higher Order Moments in S&P500 Options
G. C. Lim, G. M. Martin and V. L. Martin — 377

Partially Overlapping Time Series: A New Model for Volatility Dynamics in Commodity Futures
A. Smith — 405

Testing the Unbiased Forward Exchange Rate Hypothesis Using a Markov Switching Model and Instrumental Variables
F. Spagnolo, Z. Psaradakis and M. Sola — 423

REPLICATION SECTION
Replication of the Results in 'Learning About Heterogeneity in Returns to Schooling'
J. C. C. Chan — 439

Volume 20 Number 4 **May–June 2005**

Counterfactual Decomposition of Changes in Wage Distributions Using Quantile Regression
J. A. F. Machado and J. Mata — 445

Discrete Choice Modelling in Airline Network Management
J. Grammig, R. Hujer and M. Scheidler — 467

Semiparametric Estimation of Lifetime Equivalence Scales
K. Pendakur — 487

The Effects of the Gender of Children on Expenditure Patterns in Rural China: A Semiparametric Analysis
X. Gong, A. van Soest and P. Zhang — 509

Walk or Wait? An Empirical Analysis of Street Crossing Decisions
S. Das, C. F. Manski and M. D. Manuszak ——— 529

Analysis of Job-Training Effects on Korean Women
M.-J. Lee and S.-J. Lee ——— 549

I Didn't Tell, and I Won't Tell: Dynamic Response Error in the SIPP
C. R. Bollinger and M. H. David ——— 563

SOFTWARE REVIEW
Structural Time Series Modelling with STAMP 6.02
G. Teyssière ——— 571

Volume 20 Number 5 **July–August 2005**

Aggregate vs. Disaggregate Data Analysis – A Paradox in the Estimation of a Money Demand Function of Japan Under the Low Interest Rate Policy
C. Hsiao, Y. Shen and H. Fujiki ——— 579

Principal Components at Work: The Empirical Analysis of Monetary Policy with Large Data Sets
C. A. Favero, M. Marcellino and F. Neglia ——— 603

Nonlinearity in the Fed's Monetary Policy Rule
D. H. Kim, D. R. Osborn and M. Sensier ——— 621

Inefficiency and Heterogeneity in Turkish Banking: 1990–2000
M. A. El-Gamal and H. Inanoglu ——— 641

Markov Switching Causality and the Money-Output Relationship
Z. Psaradakis, M. O. Ravn and M. Sola ——— 665

REPLICATION SECTION
Validating Multiple Structural Change Models – A Case Study
A. Zeileis and C. Kleiber ——— 685

SOFTWARE REVIEW
A Guided Tour of TSMod 4.03
A.-M. Fuertes, M. Izzeldin and A. Murphy ——— 691

Volume 20 Number 6 **September–October 2005**

Semiparametric Three-Step Estimation Methods for Simultaneous Equation Systems
J. M. Rodríguez-Póo, S. Sperlich and A. I. Fernández ——— 699

Semiparametric Bayesian Inference in Multiple Equation Models
G. Koop, D. J. Poirier and J. Tobias ——— 723

Testing the Purchasing Power Parity Through I(2) Cointegration Techniques
E. Bacchiocchi and L. Fanelli ——— 749

Nonparametric Bounds on the Returns to Language Skills
L. González ——— 771

Distribution Approximations for Cointegration Tests with Stationary Exogenous Regressors
H. P. Boswijk and J. A. Doornik ——— 797

A Multi-Level Panel STAR Model for US Manufacturing Sectors
D. Fok, D. van Dijk and P. H. Franses ——— 811

Volume 20 Number 7 **December 2005**

Periodically Expanding Discounted Debt: A Threat to Fiscal Policy Sustainability?
T. Davig ——— 829

The Cross-Euler Equation Approach to Intertemporal Substitution in Import Demand
S.-I. Nishiyama ——— 841

A Forecast Comparison of Volatility Models: Does Anything Beat a GARCH (1,1)?
P. R. Hansen and A. Lunde ——— 873

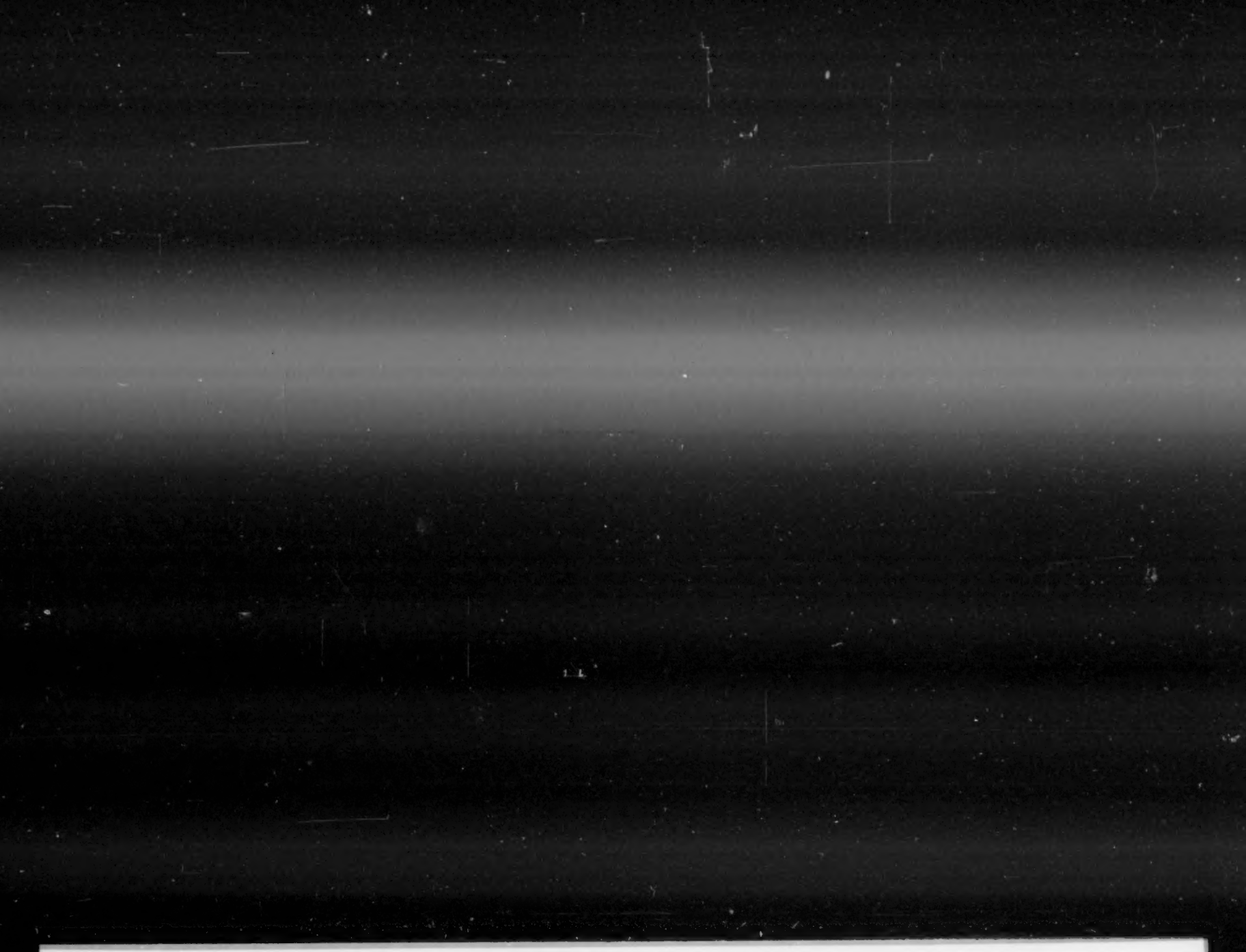
Estimating Dynamic Equilibrium Economies: Linear versus Nonlinear Likelihood
J. Fernández-Villaverde and J. F. Rubio-Ramírez ——— 891

Testing Chaotic Dynamics via Lyapunov Exponents
F. Fernández-Rodríguez, S. Sosvilla-Rivero and J. Andrada-Félix ——— 911

BOOK REVIEW
The Bias Against Guns: Why Almost Everything You've Heard About Gun Control is Wrong
Reviewed by J. V. Pepper ——— 931

Announcements and Call for Papers ——— 943

Author Index ——— 945

Acknowledgement to Referees ——— 947

Volume Contents ——— iii